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	NSCE-00	OMB-01	OPIC-01	PA-00	PM-00	PRS-00	P-00
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R 091534Z FEB 99
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 3027
INFO AMEMBASSY BOGOTA
AMEMBASSY LIMA
AMEMBASSY LA PAZ
AMEMBASSY QUITO
AMEMBASSY BRASILIA
AMEMBASSY MEXICO
AMEMBASSY GEORGETOWN
AMEMBASSY PORT OF SPAIN
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E.O. 12958: DECL: 02/05/09

TAGS: PGOV, PREL, VE

SUBJECT: CHAVEZ TAKES OFFICE, ASKS FOR FORGIVENESS, CONVOKES A
CONSTITUTIONAL REFERENDUM, AND LAYS OUT HIS AGENDA

CLASSIFIED BY THOMAS A. SHANNON, POLITICAL COUNSELOR. REASON: 1.5
(D)

SUMMARY

1. (C) HUGO CHAVEZ WAS SWORN IN AS VENEZUELA'S PRESIDENT ON
FEBRUARY 2, BEGINNING A THREE-DAY SERIES OF EVENTS CELEBRATING THE

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: ALAN H FLANIGAN
CLASSIFICATION: UNCLASSIFIED
DATE/CASE ID: 08 JUN 2007 200504156

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END OF WHAT HE CALLED "AN OLD, CORRUPT ORDER" AND THE START OF "VENEZUELA'S RESURRECTION." TAKING HIS OATH OF OFFICE ON A "MORIBUND CONSTITUTION" WHICH HE PROMISED TO REPLACE QUICKLY WITH A NEW "MAGNA CARTA," CHAVEZ CALLED ALL VENEZUELAN TO ACCOUNT FOR THE COUNTRY'S "MORAL AND ETHICAL CRISIS" WHICH HAD LEFT A CORRUPT, BANKRUPT GOVERNMENT AND A DIVIDED, ANTAGONISTIC SOCIETY IN WHICH EIGHTY PERCENT OF THE POPULATION LIVED IN POVERTY. DECLARING HIS OWN CULPABILITY AND ASKING FORGIVENESS FOR THE FAILED 1992 COUP ATTEMPT, CHAVEZ SAID VENEZUELAN MUST COME TO TERMS WITH THEIR POLITICAL PAST, RECONCILE THE DIFFERENCES WHICH PROVOKED THE FAILED COUPS ATTEMPTS, AND WORK TOGETHER TO "DEFUSE OUR SOCIAL TIME BOMB." CHALLENGING THE CONGRESS TO "GET TO WORK," CHAVEZ BRUSHED ASIDE INSTITUTIONAL BICKERING BY IMMEDIATELY ISSUING A DECREE CONVOKING THE CONSTITUTIONAL REFERENDUM--SETTING THE STAGE FOR A CONSTITUTIONAL ASSEMBLY--AND ASKED THE CONGRESS FOR ENABLING LEGISLATION TO ENACT EMERGENCY ECONOMIC MEASURES TO ADDRESS VENEZUELA'S FISCAL CRISIS. HE UNDERScoreD HIS COMMITMENT TO

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DEMOCRATIC GOVERNMENT AND INSTITUTIONS, INSISTING THAT HE WAS THE "PEACEFUL, DEMOCRATIC CHANNEL" THROUGH WHICH VENEZUELA WOULD ADDRESS ITS "SOCIAL EMERGENCY." DECLARING, "WE HAVE NOTHING TO FEAR FROM THE PEOPLE," HE SAID HIS PLAN FOR A CONSTITUTIONAL ASSEMBLY WAS TO "RE-LEGITIMIZE THE STATE" AND MAKE GOVERNMENT MORE REPRESENTATIVE AND PARTICIPATIVE. ASSERTING, "I AM THE CONSEQUENCE, NOT THE CAUSE" OF VENEZUELAN'S DEEP YEARNING FOR POLITICAL CHANGE, CHAVEZ SAID HIS PROJECT IS A "PROJECT OF ALL VENEZUELAN" AND THAT THE SUCCESS OF HIS GOVERNMENT WAS NECESSARY FOR THE SURVIVAL OF DEMOCRATIC GOVERNMENT IN VENEZUELA. ALTERNATELY DRAMATIC AND BOMBASTIC, WITH FLASHES OF POPULISM AND AUTHORITARIANISM, CHAVEZ EMERGED FROM THIS THREE-DAY INAUGURAL CELEBRATION WITH AN ELECTRIFIED POPULATION, AN ARTICULATED AND ENVIGORATED AGENDA OF GOVERNMENT, AND HIS POLITICAL ADVERSARIES REELING. END SUMMARY.

VENEZUELA'S NEW PRESIDENT

2. (U) HUGO CHAVEZ WAS SWORN-IN AS VENEZUELA'S PRESIDENT ON FEBRUARY 2, NEARLY SEVEN YEARS TO THE DAY AFTER HE HAD TRIED AND FAILED TO OVERTHROW THE GOVERNMENT OF THEN-PRESIDENT CARLOS ANDRES PEREZ IN 1992.

3. (U) THE SWEARING IN CEREMONY--WHICH TOOK PLACE IN THE SENATE CHAMBER OF THE NATIONAL CONGRESS, BUT WAS BROADCAST LIVE ON NATIONAL TELEVISION AND CARRIED BY LOUDSPEAKER TO THOUSANDS OF RED-BERETED SUPPORTERS RINGING THE CONGRESS--WAS THE BEGINNING OF A THREE-DAY SERIES OF EVENTS AND CELEBRATIONS. THESE INCLUDED THE

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SWEARING IN OF THE NEW GOVERNMENT AT MIRAFLORES (THE PRESIDENTIAL
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PALACE), A WREATH-LAYING AT THE TOMB OF SIMON BOLIVAR, THE MILITARY
CHANGE OF COMMAND CEREMONY, A PUBLIC SPEECH BEFORE SEVERAL HUNDRED
THOUSAND SUPPORTERS AT THE CARACAS EQUIVALENT OF THE MALL (LOS
PROCERES), A STATE DINNER, AND A MILITARY PARADE.

4. (U) OVER SIXTY COUNTRIES SENT DELEGATIONS TO THE INAUGURATION,
INCLUDING SIXTEEN HEADS OF STATES. THE U.S. DELEGATION CONSISTED
OF:

-- SECRETARY OF ENERGY BILL RICHARDSON
-- AMBASSADOR JOHN MAISTO

-- AMBASSADOR PETER ROMERO, ACTING ASSISTANT SECRETARY OF WESTERN
HEMISPHERE AFFAIRS

-- AMBASSADOR GABRIEL GUERRA MONDRAGON

-- MARTIN CHAVEZ, FORMER MAYOR OF ALBERQUERQUE, NEW MEXICO

5. (U) SEPTELS REPORT MEETINGS U.S. DELEGATION HAD WITH PRESIDENT
PASTRANA OF COLOMBIA, MINISTER OF MINES AND ENERGY ALI RODRIGUEZ,

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	T-00	PMB-00	DSCC-00	DRL-02	G-00	FDIC-01	SAS-00

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R 091534Z FEB 99
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 3028
INFO AMEMBASSY BOGOTA
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AMEMBASSY PORT OF SPAIN

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E.O. 12958: DECL: 02/05/09

TAGS: PGOV, PREL, VE

SUBJECT: CHAVEZ TAKES OFFICE, ASKS FOR FORGIVENESS, QVOKES A
CONSTITUTIONAL REFERENDUM, AND LAYS OUT HIS AGENDQAD OF PDVSA
ROBERTO MANDINI, AND A LUNCH WITH CEOS OF MAQPERATINGQ VENEZUELA.

THEMES OF CHAVEZ' SPEECHES

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6. (U) CHAVEZ SET THE TONE FOR THE INAUGURATION AND HIS GOVERNMENT
SHORTLY AFTER HE ENTERED THE SENATE CHAMBER. ON HIS WAY TO THE
DAIS, HE MARCHED PAST CARLOS ANDRES PEREZ AND THE DEMOCRATIC ACTION
PARTY'S (AD) LEGISLATIVE LEADERS WITHOUT ANY ACKNOWLEDGEMENT. HIS
GREETING OF PRESIDENT CALDERA WAS POLITE BUT PERFUNCTORY. THE
TIGHT, ALMOST PAINFULLY ATTENTIVE DECORUM OF THE SENATE WAS
IRRETRIEVABLY RUPTURED, HOWEVER, WHEN CHAVEZ TOOK HIS OATH OF
OFFICE. AFTER BEING ASKED BY PRESIDENT OF THE SENATE LUIS DAVILA
IF HE PROMISED TO UPHOLD THE CONSTITUTION AND THE LAWS OF THE LAND,
CHAVEZ RESPONDED, "I SWEAR ON THIS MORIBUND CONSTITUTION," AND THEN
ANNOUNCED, HIS RIGHT HAND STILL HELD HIGH, THAT HE WOULD DO ALL IN
HIS POWER TO WRITE A NEW CONSTITUTION AND RETURN DEMOCRATIC
GOVERNMENT TO THE PEOPLE OF VENEZUELA. AN AUDIBLE GASP RIPPLED
THROUGH THE SENATE AT CHAVEZ' DEPARTURE FROM PROTOCOL. OUTSIDE THE
CONGRESS, THOUSANDS OF RED-BERETED CHAVEZ SUPPORTERS CHEERED.

7. (U) IN THE SPEECH CHAVEZ GAVE IN THE SENATE FOLLOWING HIS
SWEARING IN, AND IN FOLLOW-ON SPEECHES HE GAVE AT THE SWEARING IN
OF HIS MINISTERS, THE PUBLIC SPEECH AT LOS PROCERES, AND IN REMARKS
AT THE STATE DINNER AND THE MILITARY PARADE, SEVERAL THEMES WERE
DOMINANT:

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-- ETHICAL AND MORAL CRISIS. CHAVEZ BEGAN HIS SPEECH IN THE
SENATE WITH A HARSH CONDEMNATION OF VENEZUELAN POLITICAL SOCIETY

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AND THE STRUCTURE OF THE VENEZUELAN STATE. POINTING TO VENEZUELA'S BOUNTIFUL NATURAL RESOURCES, ITS RELATIVELY SMALL AND YOUNG POPULATION, AND ITS ENORMOUS OIL WEALTH, HE WONDERED ALOUD HOW SUCH A COUNTRY COULD BE FACING A FISCAL CRISIS, HOW SUCH A COUNTRY COULD FIND EIGHTY PERCENT OF ITS POPULATION IN POVERTY, AND HOW SUCH A COUNTRY COULD HAVE STREET CHILDREN, ILLITERACY, AND A COLLAPSING PUBLIC HEALTH CARE SYSTEM. HE THEN FIXED BLAME FOR THIS SITUATION ON PUBLIC CORRUPTION AND THE NARROW CLIENTELISM OF TRADITIONAL POLITICAL PARTIES. HE ACCUSED VENEZUELAN ELITES OF DEBASING PUBLIC LIFE, CREATING CORROSIVE CYNICISM, AND ESTRANGING CITIZENS FROM THEIR STATE. THE RESULT, HE DECLARED, WAS AN AMORAL INDIVIDUALISM WHICH HAD CREATED A PROFOUND ETHICAL AND MORAL CRISIS. ONLY BY RECOGNIZING THIS CRISIS, AND ADDRESSING IT THROUGH CREATION OF A REPRESENTATIVE AND PARTICIPATIVE STATE AND GOVERNMENT WHICH SERVED THE INTERESTS OF THE PEOPLE, COULD VENEZUELA HOPE TO REBUILD ITSELF.

-- FORGIVENESS. WHILE POINTING AN ACCUSATORY FINGER AT VENEZUELA'S TRADITIONAL POWER STRUCTURE, CHAVEZ REMINDED ALL VENEZUELANIS THAT THEY WERE SILENT ACCOMPLICES IN THE DEBASEMENT OF THEIR DEMOCRACY. HE INSISTED THAT NO ONE WAS FREE OF CULPABILITY. TO UNDERSORE THIS POINT, HE SAID THAT HE HIMSELF BORE BLAME FOR VENEZUELA'S DIFFICULTIES. HE THEN STRUCK HIS BREAST THREE TIMES AND SAID, "MEA CULPA, MEA CULPA, MEA CULPA." HE CALLED ON ALL VENEZUELANIS TO FORGIVE EACH OTHER. BUILDING ON THIS THEME DURING HIS FEBRUARY 4 SPEECH AT THE MILITARY PARADE, CHAVEZ ASKED PARDON FOR HIS ROLE IN THE 1992 COUP. IN HIS SENATE SPEECH, HE DESCRIBED THE 1992 COUP ATTEMPT AS AN "INEVITABLE" RESULT OF THE 1989 SOCIAL

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UPRISING IN WHICH THE MILITARY HAD TO RESTORE ORDER AT THE COST OF HUNDREDS, IF NOT THOUSANDS, OF LIVES. NEITHER JUSTIFYING NOR GLORIFYING WHAT HAPPENED IN 1992, HE LINKED THE COUP TO A POLITICAL ORDER WHICH HAD SET VENEZUELAN AGAINST VENEZUELAN. THE COUP, HE SAID, WAS EMBLEMATIC OF THE CRISIS OF THE STATE. ONLY BY ACCEPTING RESPONSIBILITY FOR ACTIONS TAKEN, AND BY SEEKING FORGIVENESS, COULD VENEZUELA OVERCOME ITS CURRENT CRISIS. HE REMINDED HIS LISTENERS THAT ON FEBRUARY 4, 1992, WHEN HIS COUP ATTEMPT HAD FAILED, HE SURRENDERED, ACCEPTED RESPONSIBILITY FOR WHAT HE HAD DONE, AND SERVED TWO YEARS IN PRISON AS PUNISHMENT. HE SAID HIS OWN WILLINGNESS TO ACCEPT RESPONSIBILITY FOR HIS ACTIONS SHOULD SERVE AS AN EXAMPLE TO FUGITIVE BANKERS AND OTHERS ACCUSED OF CRIMES.

-- RECONCILIATION. CHAVEZ SAID FORGIVENESS MUST LEAD TO RECONCILIATION IF VENEZUELANIS WERE TO WORK TOGETHER TO RECREATE THEIR COUNTRY. HE SAID HIS DECISION TO HOLD THE MILITARY PARADE ON FEBRUARY 4, THE ANNIVERSARY OF THE COUP ATTEMPT, WAS NOT AN EFFORT TO GLORIFY THE EVENTS OF SEVEN YEARS AGO. ON THE CONTRARY, HE SAID IT WAS AN EFFORT TO RECONCILE AN INSTITUTION AND A COUNTRY WHICH

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	SP-00	TRSE-00	T-00	PMB-00	DSCC-00	DRL-02	G-00
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R 091534Z FEB 99
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 3029
INFO AMEMBASSY BOGOTA
AMEMBASSY LIMA
AMEMBASSY LA PAZ
AMEMBASSY QUITO
AMEMBASSY BRASILIA
AMEMBASSY MEXICO
AMEMBASSY GEORGETOWN
AMEMBASSY PORT OF SPAIN
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DIA WASHDC
CIA WASHDC
USIA WASHDC 2122
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SUBJECT: CHAVEZ TAKES OFFICE, ASKS FOR FORGIVENESS, CONVOKES A
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HAD BEEN RENT BY THE EVENTS OF FEBRUARY 4. DURING THE WREATH
LAYING CEREMONY AT BOLIVAR'S TOMB, HE LAID ONE WREATH FOR "ALL THE
SOLDIERS WHO DIED ON FEBRUARY 4." HE ANNOUNCED IN THE SENATE, AS
EVIDENCE OF RECONCILIATION, HIS INTENTION TO REACTIVATE THE
PARATROOPER BATTALIONS THAT HAD PARTICIPATED IN THE COUP ATTEMPT.
HE DID SO AT THE MILITARY PARADE, AND ALSO OFFERED TO REINSTATE IN
THE ARMED FORCES THOSE OFFICERS AND SOLDIERS WHO HAD BEEN COURT

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MARTIALED FOLLOWING THE COUP.

-- RESURRECTION. CHAVEZ PREDICTED THAT VENEZUELA AND ITS PEOPLE WOULD BE "RESURRECTED" THROUGH FORGIVENESS AND RECONCILIATION. THIS RESURRECTION WOULD BE MANIFESTED THROUGH THE COMMON EFFORT OF VENEZUELAN TO FACE THEIR COUNTRY'S DESPERATE SOCIAL AND ECONOMIC CONDITION. HE CRITICIZED THOSE WHO CALLED FOR HIM TO CREATE CONSENSUS AROUND HIS POLITICAL AGENDA, ACCUSING THEM OF USING "CONSENSUS" TO SOW DIVISION. HE ANNOUNCED, "I AM NOT SEEKING CONSENSUS, I AM SEEKING UNITY." HE INSISTED THAT THE VENEZUELAN PEOPLE HAD SPOKEN LOUDLY AND CLEARLY IN THE DECEMBER ELECTIONS. THEY WANTED DRAMATIC, SIGNIFICANT POLITICAL CHANGE, AND THEY WOULD HOLD THEIR LEADERS ACCOUNTABLE FOR IMPLEMENTING OR NOT IMPLEMENTING CHANGE. IN THIS REGARD, RESURRECTION WAS LIKE THE REAWAKENING OF A GIANT--THE VENEZUELAN PEOPLE--WHICH WOULD TOLERATE NO APPEAL TO "LEGALISM" OR "COMMON POLITICAL PRACTICE" TO DELAY NECESSARY REFORM.

-- DEMOCRACY. CHAVEZ ANNOUNCED IN THE SENATE, "I AM THE
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CONSEQUENCE, NOT THE CAUSE" OF THE PEOPLE'S YEARNING FOR CHANGE. HE DECLARED HIMSELF THE VICTIM OF A DARK AND UGLY CAMPAIGN TO PAINT HIM AS A THREAT TO DEMOCRACY. HE SAID THE REAL ENEMIES WERE HIS ACCUSERS, WHOSE CYNICISM AND CORRUPTION HAD BLINDED THEM TO THE SUFFERING OF THE VAST MAJORITY OF VENEZUELAN. HE ASSERTED THAT HIS "POLITICAL PROJECT" WAS TO "RELEGITIMIZE THE STATE" AND TO "RE-FOUND" DEMOCRATIC INSTITUTIONS SO THAT THEY HAD THE CONFIDENCE OF THE PEOPLE. HE ARGUED THAT HIS PROPOSED CONSTITUTIONAL ASSEMBLY WOULD BE THE CHANNEL THROUGH WHICH THE VENEZUELAN PEOPLE RE-INSERTED THEMSELVES INTO POLITICAL DEBATE. ATTACKING THOSE WHO OPPOSED THE PROPOSAL OF THE CONSTITUTIONAL ASSEMBLY, HE SAID, "WHAT DO WE HAVE TO FEAR FROM THE PEOPLE?" HE POINTED TO THE DECEMBER 6 PRESIDENTIAL ELECTION AS EVIDENCE OF THE POPULAR DEMAND FOR CHANGE, AND NOTED, "WE CANNOT FAIL THE PEOPLE." HE ASSERTED THAT HE HAD OPENED A "PEACEFUL, DEMOCRATIC CHANNEL" FOR CHANGE, AND THAT ALL THOSE INTERESTED IN THE WELL-BEING OF DEMOCRACY SHOULD WORK TO KEEP THAT CHANNEL OPEN. IF WE FAIL, CHAVEZ SAID, "THEN DEMOCRACY WILL FAIL." CHAVEZ SAID THAT HE HAD TAKEN OFFICE TO MAKE SURE THAT THE EVENTS OF 1989 AND 1992 NEVER HAPPENED AGAIN. CHAVEZ REMINDED HIS LISTENERS THAT, DURING THE CALDERA GOVERNMENT, CONSTITUTIONAL GUARANTEES HAD BEEN SUSPENDED TEMPORARILY DURING THE FINANCIAL CRISIS OF 1993, AND HAD REMAINED SUSPENDED IN THE MILITARY THEATERS OF OPERATION ALONG THE COLOMBIAN FRONTIER. HE SAID, "I HAVE NOT TAKEN OFFICE TO SUSPEND GUARANTEES, BUT TO GIVE THESE GUARANTEES NEW LIFE AND TO EXTEND THEM TO ALL THE PEOPLE."

WORK AGENDA

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8. (U) CHAVEZ USED THE THEMATIC ASPECTS OF HIS SPEECHES TO BUILD
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A BASE FOR HIS WORK AGENDA, WHICH WE LAID OUT CLEARLY:

-- CONSTITUTIONAL ASSEMBLY. CHAVEZ SAID THE PRIMARY POLITICAL
PROJECT OF HIS GOVERNMENT WOULD BE THE CONSTITUTIONAL ASSEMBLY. HE
NOTED THAT OUTRIGHT OPPOSITION TO THE ASSEMBLY HAD NEARLY
DISAPPEARED SINCE HIS ELECTION, AN IMPLICIT RECOGNITION THAT THE
DECEMBER 6 VOTE WAS ALSO A VOTE IN FAVOR OF CHAVEZ' PROPOSED
"CONSTITUYENTE." CHAVEZ NOTED THAT CONGRESS, THROUGH THE SUPREME
COURT DECISION WHICH HAD OPENED THE WAY FOR THE REFERENDUM ON THE
ASSEMBLY, HAD PROPOSED TO CONVOKE THE ASSEMBLY ITSELF. CHAVEZ
WELCOMED CONGRESSIONAL SUPPORT FOR THE ASSEMBLY, BUT SAID THE
CONGRESS WAS WASTING ITS TIME AND ENERGY ON A POLITICAL ISSUE WHICH
THE DECEMBER ELECTIONS HAD DECIDED. HE ANNOUNCED THAT HE WOULD
ISSUE A DECREE FEBRUARY 2 CONVOKING THE REFERENDUM, WHICH HE DID
DURING HIS FIRST CABINET MEETING IMMEDIATELY AFTER HIS
INAUGURATION. CHAVEZ INSISTED THIS SURPRISE MOVE, WHICH LEFT MANY
IN THE SENATE CHAMBER STUNNED, WAS NECESSARY TO GET THE CONGRESS TO
FOCUS ON ITS REAL WORK--THE SECOND PART OF CHAVEZ'S AGENDA--PASSING
AN ENABLING LAW WHICH WOULD PERMIT CHAVEZ TO TAKE EMERGENCY
ECONOMIC MEASURES.

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R 091534Z FEB 99
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TO SECSTATE WASHDC 3030
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AMEMBASSY QUITO
AMEMBASSY BRASILIA
AMEMBASSY MEXICO
AMEMBASSY GEORGETOWN

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AMEMBASSY PORT OF SPAIN
USINT HAVANA
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-- ECONOMIC REFORM. CHAVEZ TOLD THE CONGRESS TO "GET TO WORK" AND
PASS AN ENABLING LAW WHICH WOULD ALLOW HIM TO ENACT A VARIETY OF
ECONOMIC MEASURES TO ADDRESS VENEZUELA'S FISCAL CRISIS. HE SAID
THIS CRISIS REQUIRED IMMEDIATE ACTION, AND COULD NOT WAIT FOR THE
POLITICAL DEBATE AROUND THE CONSTITUTIONAL ASSEMBLY TO RUN ITS
COURSE. CHAVEZ SAID THAT HE WANTED SPECIAL POWERS TO DECREE A
VALUE ADDED TAX (VAT)--TO REPLACE THE CURRENT SALES TAX--AND A
FINANCIAL SERVICES TAX, AND TO INSTITUTE CUSTOMS AND TARIFF REFORM.
THESE MEASURES, ALONG WITH OTHERS, WOULD PERMIT THE GOV TO INCREASE
ITS REVENUES AND BEGIN TO CLOSE A LARGE AND HAUNTING FISCAL GAP.
CHAVEZ SAID EVEN WITH ENHANCED REVENUES VENEZUELA WOULD NOT BE ABLE
TO PAY ITS DEBT, AS CURRENTLY STRUCTURED, WITHOUT GUTTING MUCH
NEEDED SOCIAL PROGRAMS. HE SAID THE GOV WOULD NEVER WALK AWAY FROM
ITS FINANCIAL COMMITMENTS, BUT SAID HE WOULD SEEK RESTRUCTURING OF
DEBT AS SOON AS POSSIBLE. FINALLY, CHAVEZ SAID HE INTENDED TO MAKE
VENEZUELA INVESTOR FRIENDLY BY MAINTAINING POLICY CONTINUITY, AND
BY ENDING CORRUPTION AND JUDICIAL INSECURITY. CHAVEZ URGED
VENEZUELAN INVESTORS TO LEAD THE WAY FOR FOREIGN INVESTORS, CALLING
ON THEM TO BRING BACK TO VENEZUELA THE BILLIONS OF DOLLARS NOW
DEPOSITED OFFSHORE.

COMMENT

9. (C) CHAVEZ'S THREE-DAY INAUGURAL CELEBRATION WAS DRAMATIC. HIS
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ENERGY, AND WILLINGNESS TO SPEAK ENDLESSLY (BY THE END OF THE FIRST
DAY OF THE CELEBRATION--FEBRUARY 2--CHAVEZ HAD SPOKEN PUBLICLY SIX

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TIMES FOR A TOTAL OF MORE THAN EIGHT HOURS), WAS IN MARKED CONTRAST TO THE AGED PRESIDENT CALDERA. NOT SINCE CARLOS ANDRES PEREZ'S 1989 INAUGURATION HAD VENEZUELAN'S SEEN A PRESIDENT WITH SUCH A COMMANDING PRESENCE. BUT CHAVEZ'S INAUGURATION WAS UNIQUE IN SEVERAL WAYS. FIRST, IT WAS A POPULAR CELEBRATION. THE CROWDS MASSED AROUND THE CONGRESS, AND THE CROWDS WHICH AWAITED CHAVEZ AT LOS PROCERES FOR HIS PUBLIC SPEECH, OFFERED LARGE AND VOCIFEROUS EVIDENCE THAT CHAVEZ IS A POLITICAL CELEBRITY WHOSE PERSONA AND MESSAGE RESONATE DEEPLY AMONG THE VENEZUELAN PEOPLE. SECOND, CHAVEZ'S CALL FOR FORGIVENESS AND HIS CHALLENGE TO VENEZUELAN'S TO IMPROVE THEMSELVES AND TO GET TO WORK WAS INNOVATIVE POLITICAL RHETORIC TO WHICH ALL VENEZUELAN'S RESPONDED. IT MARKED CHAVEZ AS DIFFERENT. AS ONE SPECTATOR AT THE SENATE SPEECH TOLD US, "I CAN NEVER REMEMBER A VENEZUELAN PRESIDENT ASKING FORGIVENESS FOR ANYTHING. IN A SINGLE SPEECH CHAVEZ HAS SET HIMSELF APART FROM EVERY PRESIDENT WHO CAME BEFORE HIM." FINALLY, THERE WAS SUBSTANCE. CHAVEZ LEFT NO DOUBT ABOUT THE DIRECTION OF HIS ADMINISTRATION. HIS TWO-PART AGENDA, AND THE DETERMINATION WITH WHICH HE LAID IT OUT, LEFT LITTLE DOUBT THAT ANY ONE WHO OPPOSED HIM SHOULD BE READY TO FIGHT.

10. (C) CHAVEZ'S INAUGURATION ALSO RAISED CONCERNS. THE FLASHES OF POPULISM IN HIS SPEECH, HIS MOVEMENT FROM HUMILITY TO PRIDEFUL PURPOSE, AND THE AUTHORITARIAN THREAT WHICH LURKED BEHIND HIS TOUGH POLICY STATEMENTS WERE CONSIDERED, BY THE TRADITIONAL POLITICIANS, TO BE A PORTENT OF VERY TOUGH TIMES AHEAD. THOSE ACCUSTOMED TO THE STYLIZED POLITICAL RHETORIC AND "YOU SCRATCH MY BACK, I'LL SCRATCH YOURS" CONDUCT OF PREVIOUS GOVERNMENTS WERE UNPREPARED FOR CHAVEZ'S FORCEFUL BREAK WITH PAST PRACTICE. THESE ASPECTS BEAR WATCHING,
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BUT IN THE MEANTIME WE CAN SAY THAT CHAVEZ'S INAUGURATION HAS LEFT LITTLE DOUBT ABOUT WHO IS PRESIDENT, ELECTRIFIED VENEZUELAN'S, AND DEALT A BLOW TO THE SOLAR PLEXUS OF HIS ADVERSARIES, LEAVING THEM, FOR THE MOMENT, GASPING AND BENT OVER. MEANWHILE, CHAVEZ, AWARE THAT HE MUST CAPITALIZE ON HIS MOMENTUM, IS PUTTING IN EIGHTEEN HOUR DAYS WORKING ON CONSTITUTIONAL AND ECONOMIC REFORM AND MOLDING HIS GOVERNMENT.

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